

#### FOR IMMEDIATE RELEASE

# BreadTalk Group rallies to deliver robust full year performance Records 50.4% year-on-year increase in net profit

## **Key Highlights:**

- Group FY2016 EBITDA margin improved to 13.6%
- Group FY2016 EBITDA increased 7.8% Y/Y to \$83.6 M
- Final dividend of 2.0 cents per share

S\$ million	FY 2016	FY 2015	Y/Y
Revenue	615.0	624.1	-1.5%
EBITDA	83.6	77.6	7.8%
EBITDA margin	13.6%	12.4%	+1.2 ppt
Net Profit	11.4	7.6	50.4%
Net margin	1.9%	1.2%	+0.7 ppt
EPS S\$ cents	4.06	2.69	51.0%

S\$ cents	FY 2016	FY 2015	Y/Y
NAV / share	54.0	52.0	3.8%

**SINGAPORE – 22 February 2017 –** Mainboard-listed BreadTalk Group ("the Group"), a leading lifestyle F&B group, today announced its financial results for FY2016.

The Group continued to deliver consistent and sustainable growth in spite of a difficult and volatile retail environment. This is achieved through the Group's sharp focus on maximizing growth opportunities in more profitable segments of the Business and consolidating underperforming assets.

"We will continue to streamline our businesses. We will also invest in talent development. Our aim is to remain well positioned to navigate the challenging food and beverage retail landscape in FY2017." Dr. George Quek, Chairman, BreadTalk Group Limited.

As the Group centered its focus on long term earning growth, it continued to be nimble in spotting new trends, developing interesting products and delivering them promptly to an increasingly competitive marketplace.

Group revenue for FY2016 declined marginally by 1.5% Y/Y from \$624.1 million to \$615.0 million. For the same period, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the Group rose 7.8% Y/Y to \$83.6 million with EBITDA margin improving to 13.6% (FY2015: 12.4%). Profit after Tax and Minority Interests ("PATMI") for FY2016 improved 50.4% from \$7.6 million to \$11.4 million. PATMI margin rose to 1.9% (FY2015: 1.2%).

#### **Outlet numbers across Divisions**

	FY 2016	FY 2015	Net Increase / (Decrease)
Bakery	862	862	0
Direct Operating	260	266	(6)
Franchise	602	596	6
Food Atrium	57	65	(8)
Restaurant	32	30	2
Din Tai Fung	24	22	2
RamenPlay	6	6	0
Sanpou Tei	2	2	0

## **Bakery Division**

In line with the consolidation strategy of the Bakery Division, revenue declined slightly by 0.7% Y/Y to \$305.9 million for FY2016, while EBITDA for the Division rose 35.5% Y/Y to \$30.3 million. EBITDA margin also improved to 9.9% (FY2015: 7.3%) on the back of better gross margin, tighter cost control and productivity gains. The drop in revenue was primarily attributed to weakness in the China franchise business, which is mitigated by strong performance of our direct operated stores in Singapore as well as our International franchise business. Outlet count stood at 862, unchanged Y/Y, but with greater proportion of franchise outlets.

## **Food Atrium**

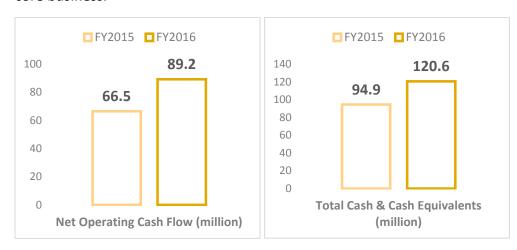
Food Atrium revenue declined 8.2% Y/Y to \$158.9 million. Same store sales growth remained healthy in Singapore with recovery in Thailand. While same store sales declined across our China outlets during the year, meaningful recovery was observed during 2H FY2016. At the end of FY2016, the Division operated 57 outlets, following the opening of 2 new outlets (both in Shanghai) and closure of 10 outlets (5 of which, were premature closures in Mainland China) during the year. As a result, FY2016 EBITDA declined 31.8% Y/Y to \$12.2 million with EBITDA margin lower at 7.7% (FY2015: 10.3%).

#### **Restaurant Division**

Restaurant Division delivered 4.9% revenue growth Y/Y to \$150.2 million, as same store sales growth momentum continues, recovery at Ramen Play and higher contribution from Din Tai Fung Thailand. Total outlets for FY2016 stands at 32, attributed to 3 new opening and 1 closure of Din Tai Fung outlets in Singapore during the year. FY2016 EBITDA was 9.9% lower Y/Y to \$30.5 million on mainly on higher staff cost with EBITDA margin at 20.3% (FY2015: 23.7%).

Interest income decreased by \$2.8 million primarily due to lower return on investment securities, while interest expense increased slightly by \$0.6 million, mainly due to higher average interest cost, partly mitigated by repayment of outstanding borrowings.

The Group generated a net operating cash flow of \$89.2 million in FY2016, an improvement of \$22.7 million from FY2015, a reflection of the strong cash generating ability of the underlying core business.



The Group continued its discipline in debt repayment, with \$95.6 million net repayment of short and long-term bank borrowings during the year. The Group net debt position improved to \$61.5 million from \$107.7 million. Net debt-to-equity reduced from 0.83x to 0.47x.

Overall, the Group generated a net increase in cash and cash equivalents of \$26.1 million in FY2016, ending the period with a cash and cash equivalents of \$120.6 million.

# **Final Dividend**

The Board is recommending a tax exempt (one-tier) final dividend of 2.0 cents per share for FY2016. The final dividend will be paid to shareholders on 15 June 2017, subject to shareholders' approval at the upcoming Annual General Meeting on 20 April 2017.

#### Outlook

The Bakery Division continues to drive higher same store sales growth in its existing direct operated stores. In addition, it commenced the review of its existing franchise portfolio with the aim of consolidating its operations, and position the franchise business for future expansion. Closer to home, the Group will open its first BreadTalk outlet in Yangon, Myanmar in early 2017.

Food Atrium Division introduced key action plans to reduce outlet stall vacancy, improve tenant mix and profile, as well as drive same store sales growth. New outlets will be situated in cities where the Group have strong operating track record.

Restaurant Division continues its steady performance at Din Tai Fung Singapore and Thailand. In November 2016, the Group inked an agreement to operate the Din Tai Fung brand in the United Kingdom. The first Din Tai Fung restaurant is expected to open in London by end 2017.

Looking ahead, the Group's consolidation strategy comprises of streamlining its operations, improving supply chain relationships and managing costs. The Group is optimistic to pilot through the testing food & beverage retail landscape of 2017.

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## About BreadTalk Group Limited

Founded as a bakery brand in Singapore in 2000 and listed on the SGX in 2003, BreadTalk has rapidly expanded to become an award-winning F&B Group that has established its mark on the world stage with its bakery, restaurant and food atrium footprints. With close to 1,000 retail stores spread across 15 territories, its brand portfolio comprises BreadTalk, Toast Box, Food Republic, Din Tai Fung, Bread Society, Thye Moh Chan, The Icing Room, Carl's Jr. in China and RamenPlay. The Group has a network of owned bakery outlets in Singapore, PRC, Malaysia, Hong Kong and Thailand as well as franchised bakery outlets across Asia and the Middle East. It also owns and operates the world-renowned Din Tai Fung restaurants in Singapore and Thailand, as well as the award-winning Food Republic food atria in Singapore, China, Taiwan, Hong Kong and Malaysia.

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